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*rfarmer, llc*  
*a certified public accounting and consulting firm*

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**December 31, 2022**

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*Independent Auditor's Report*

Baca County Commissioners  
Springfield CO 81052

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis which is required by the Governmental Accounting Standards Board. The omission of this information does not affect our opinion.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The balance sheet-other governmental funds, schedule of revenues, expenditures, and changes fund balance-other governmental funds, budget to actual schedules, local highway finance report and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*r*farmer, llc

June 15, 2023

**Baca County, Colorado**  
**Statement of Net Position**  
**December 31, 2022**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and Equivalents	\$ 10,204,443	\$ 10,204,443
Receivables	3,869,114	3,869,114
Due from Other Governmental Agencies	33,596	33,596
Capital Assets		
Land	16,480	16,480
Buildings and Improvements	5,320,080	5,320,080
Machinery and Equipment	12,270,465	12,270,465
Less: Accumulated Depreciation	(10,041,903)	(10,041,903)
Total Capital Assets	7,565,122	7,565,122
Total Assets	21,672,275	21,672,275
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	246,860	246,860
Unearned revenues	1,385,745	1,385,745
Long-term liabilities		
Due in more than one year		
Compensated absences	139,657	139,657
Total liabilities	1,772,262	1,772,262
Deferred cash inflow of resources:		
Deferred Property taxes	3,864,342	3,864,342
<b>NET POSITION</b>		
Net investment in capital assets	7,565,122	7,565,122
Restricted for:		
Other projects	46,178	46,178
Unrestricted	8,424,371	8,424,371
Total Net Position	\$ 16,035,671	\$ 16,035,671

The accompanying notes to financial statements  
are an integral part of these statements.

Baca County, Colorado  
Statement of Activities  
For the Year Ended December 31, 2022

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total
Governmental Activities						
General Government	\$ 2,695,061	\$ 581,662	\$ 323,725	\$ -	\$ (1,789,674)	\$ (1,789,674)
Public Safety	1,303,374	100,711	65,867	-	(1,136,796)	(1,136,796)
Public Works	3,438,051	2,000	2,551,365	-	(884,686)	(884,686)
Health and Human Services	1,188,196	8,180	1,053,122	-	(126,894)	(126,894)
Culture and Recreation	340,243	26	9,221	15,773	(315,223)	(315,223)
Total governmental activities	<u>8,964,925</u>	<u>692,579</u>	<u>4,003,300</u>	<u>15,773</u>	<u>(4,253,273)</u>	<u>(4,253,273)</u>
Total primary government	<u>8,964,925</u>	<u>692,579</u>	<u>4,003,300</u>	<u>15,773</u>	<u>(4,253,273)</u>	<u>(4,253,273)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					\$ 3,642,575	\$ 3,642,575
Miscellaneous taxes					2,009	2,009
SO tax					344,226	344,226
Grants and contributions not restricted to specific programs					601,105	601,105
Unrestricted investment earnings					76,336	76,336
Miscellaneous					162,000	162,000
Total general revenues, special items, and transfers					<u>4,828,251</u>	<u>4,828,251</u>
Change in net position					574,978	574,978
Net position - beginning					15,460,693	15,460,693
Net position - ending					<u>\$ 16,035,671</u>	<u>\$ 16,035,671</u>

The accompanying notes to financial statements are an integral part of these statements.

Baca County, Colorado  
Balance Sheet  
Governmental Funds  
December 31, 2022

	General	Road & Bridge	Health and Human Services	Capital	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,759,153	\$ 2,855,123	\$ 795,027	\$ 175,865	\$ 619,278	\$ 10,204,446
Taxes receivable, net	3,029,905	592,820	177,847	-	63,770	3,864,342
Due from other funds	-	-	-	-	3,780	3,780
Receivable from other governments	-	-	33,596	-	-	33,596
Other receivables	-	-	4,772	-	-	4,772
Total assets	<u>8,789,058</u>	<u>3,447,943</u>	<u>1,011,242</u>	<u>175,865</u>	<u>686,828</u>	<u>14,110,936</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	141,337	100,050	3,978	-	1,495	246,860
Due to other funds	3,780	-	-	-	-	3,780
Unearned revenue	637,826	491,004	256,915	-	-	1,385,745
Total liabilities	<u>782,943</u>	<u>591,054</u>	<u>260,893</u>	<u>-</u>	<u>1,495</u>	<u>1,636,385</u>
Deferred inflow of resources:						
Deferred property taxes	3,029,905	592,820	177,847	-	63,770	3,864,342
Fund balance:						
Restricted for:						
Other purposes--programs	-	-	46,178	-	-	46,178
Committed	-	2,264,069	526,324	175,865	-	2,966,258
Unassigned	4,976,210	-	-	-	-	4,976,210
Committed, reported in non-major funds	-	-	-	-	621,563	621,563
Total fund balance	<u>4,976,210</u>	<u>2,264,069</u>	<u>572,502</u>	<u>175,865</u>	<u>621,563</u>	<u>8,610,209</u>
Total liabilities and fund balance	<u>\$ 8,789,058</u>	<u>\$ 3,447,943</u>	<u>\$ 1,011,242</u>	<u>\$ 175,865</u>	<u>\$ 686,828</u>	<u>\$ 14,110,936</u>

The accompanying notes to financial statements are an integral part of these statements.

**Baca County, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2022**

Total fund balance, governmental funds	\$	8,610,209
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		7,565,121
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(139,657)
Rounding		<u>(2)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>16,035,671</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Baca County, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Health and Human Services</u>	<u>Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 2,844,179	\$ 559,027	\$ 173,153	\$ -	\$ 66,216	\$ 3,642,575
SO Tax	338,014	-	-	-	6,212	344,226
Miscellaneous taxes	2,009	-	-	-	-	2,009
Fees and fines	45,451	-	-	-	-	45,451
Licenses and permits	-	14,130	-	-	-	14,130
Intergovernmental	1,145,376	2,854,327	657,498	15,773	9,221	4,682,195
Charges for services	540,162	2,000	-	-	53,262	595,424
Investment earnings	75,709	-	-	-	628	76,337
Miscellaneous	106,308	4,667	-	-	12,321	123,296
Rent	14,260	-	-	-	-	14,260
Total revenues	<u>5,111,468</u>	<u>3,434,151</u>	<u>830,651</u>	<u>15,773</u>	<u>147,860</u>	<u>9,539,903</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,482,469	53,503	-	-	3,806	2,539,778
Public safety	1,195,117	-	-	28,855	27,087	1,251,059
Public works	-	2,912,073	-	-	-	2,912,073
Health and welfare	366,287	-	813,958	-	-	1,180,245
Culture and recreation	205,948	-	-	-	9,341	215,289
Capital Outlay	20,882	602,011	-	6,923	-	629,816
Total Expenditures	<u>4,270,703</u>	<u>3,567,587</u>	<u>813,958</u>	<u>35,778</u>	<u>40,234</u>	<u>8,728,260</u>
Excess (deficiency) of revenues over expenditures	<u>840,765</u>	<u>(133,436)</u>	<u>16,693</u>	<u>(20,005)</u>	<u>107,626</u>	<u>811,643</u>
Net change in fund balances	840,765	(133,436)	16,693	(20,005)	107,626	811,643
Fund balances - beginning	4,135,445	2,397,505	555,809	195,870	513,937	7,798,566
Fund balances - ending	<u>\$ 4,976,210</u>	<u>\$ 2,264,069</u>	<u>\$ 572,502</u>	<u>\$ 175,865</u>	<u>\$ 621,563</u>	<u>\$ 8,610,209</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Baca County, Colorado**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2022**

Net change in fund balances - total governmental funds: \$ 811,643

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$629,816 was less than depreciation of \$883,133 in the current period. (253,317)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in Compensated Absences not reflected on Governmental funds 16,653

Rounding (1)

Change in fund balances of governmental activities \$ 574,978

The accompanying notes to financial statements  
are an integral part of these statements.

**Baca County, Colorado**  
**Custodial Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

	<b>TOTAL AGENCY FUNDS</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 10,284,996
Total assets	<u>10,284,996</u>
<b>LIABILITIES:</b>	
Due to other governmental units	10,284,996
Total Liabilities	<u>\$ 10,284,996</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Baca County, Colorado**  
**Custodial Funds**  
**Statement of Changes in Fiduciary Funds**  
**December 31, 2022**

**Additions:**

Collections for other governments		
Treasurer	\$ 22,388,041	
Total additions		22,388,041

**Deductions:**

Disbursements to other governments		
Treasurer	(20,665,283)	
Total Deductions		(20,665,283)

Change in Net Position		1,722,758
Net position, beginning of the year		8,562,238
Net position, end of the year		<u>\$ 10,284,996</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Baca County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 1            Summary of Significant Accounting Policies**

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States (USGAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing USGAAP for state and local governments through its pronouncements. The more significant accounting policies established by USGAAP used by the County are discussed below:

**Reporting Entity**

The reporting entity consists of (a) the primary government, i.e., the County, and (b) organizations for which the County is financially accountable. The County is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. Consideration is also given to other organizations, which are fiscally dependent, i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the County. Organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the County is not financially accountable for any other entity, nor is the County a component unit of any other government.

**Government-wide and Fund Financial Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County sheriff's protection, road maintenance, culture and recreation, and administration are classified as governmental activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions. The functions are also supported by general government revenues (property taxes, intergovernmental revenue, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (sheriff, roads, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

**Fund Financial Statements**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts

that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The major sources of revenue include property taxes, specific ownership taxes, intergovernmental revenues, and charges for services. The major expenditures include general government and public safety.

The *Road and Bridge Fund* accounts for assets and earnings to be used for road maintenance. The major sources of revenue include property taxes and intergovernmental revenue-highway user's trust fund. The major expenditures are for road and bridge maintenance.

The *Capital Fund* accounts for capital outlay costs relating to equipment and in some instances, building renovations. The major source of revenue is grants, if applicable, for capital improvements and transfers-in. The major expenditures include capital outlay costs.

The *Health and Human Services Fund* accounts for assets and earnings to be used for welfare expenditures. The major sources of revenue include property taxes and intergovernmental revenue-public welfare funds from the State of Colorado. The major expenditures include welfare benefits paid to welfare recipients and expenditures relating to administering benefits.

The County reports the following non-major governmental funds:

The *Pest Control District Fund* accounts for assets and earnings that are used for the reimbursement of expenses incurred spraying noxious weeds.

The *Contingent Fund* accounts for assets and earnings that are governed by CRS.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *E911 Fund* accounts for assets and earnings that are used for the public safety communication system.

The County has no proprietary or business-type funds.

The County reports the Treasurer's Office as a fiduciary fund. The fiduciary fund is not reported in any other financial statement.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

### **Long-term Economic Focus and Accrual Basis**

The governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

### **Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

### **Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services, or privileges, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

### **Investments**

Investments, if any, are stated at cost, which is approximately the same as fair value due to the type of investments. All investments are maintained in the Treasurer's office. The Treasurer is authorized to invest funds in any investment that qualifies under the applicable Colorado Revised Statutes.

### **Property Taxes**

Annual property taxes are levied and assessed on January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the County.

The County recognizes a receivable, net of estimated uncollectible balances, for property tax levied upon certification by the County Treasurer. A deferred revenue liability is recorded in the same amount since the taxes are not available at year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

### **Capital Assets**

Capital assets, which include land, land improvements, distribution systems, buildings, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$5,000 or more and an estimated useful life in

excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The infrastructure the County has will be capitalized for costs incurred after January 1, 2004.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities. There was not any interest capitalized during the year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings and improvements	75
Machinery and equipment	10
Vehicles	5
Infrastructure	50

#### **Vacation Days & Sick Leave - Compensated Absences**

All County employees, who are considered full-time employees, are eligible to receive paid vacation. Any unused vacation can be carried forward. Upon termination, any unused vacation up to a maximum number of days will be paid. The number of days depends on the length of service. Sick leave can be accumulated up to 60 days with the maximum amount carried forward year-to-year. Sick leave is not paid when the employee is terminated. The unused hours can be donated to the County's sick leave bank.

#### **Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities' column of the government-wide financial statements.

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP required the County's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

#### **Legal Provisions and Authorization for Deposits**

The County is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

## **Contraband**

Per Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511), proceeds received from the seizure of contraband must be used for the specific purpose of law enforcement activities. These proceeds are exempt from the appropriation process. Baca County received no material proceeds from contraband during the year.

## **Note 2**

### **Stewardship, Compliance, and Accountability**

#### **Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado, the County followed the required timetable noted below in preparing, approving, and enacting its budget for each year.

For each budget year, prior to August 25, the County Assessor sent to the County an assessed valuation of all taxable property within the County's boundaries.

The County Administrator, or other qualified person appointed by the Commissioners, submitted to the Commissioners, on or before October 15, a recommended budget, which detailed the necessary property taxes needed along with other available revenues to meet the County's operating requirements.

Prior to December 15, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the County may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. Taxes are due on January 1<sup>st</sup> in the year of collection; however, they may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

## **TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR required advance voter approval for the creation of any multiple- fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

In November 1996, the voters of the County approved a ballot initiative permitting the County to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatever, without limitation, in 1995 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

The County's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

### **Note 3**

## **Deposits and Investments**

### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public depositories as a group. The market value of the collateral must exceed 102% of the uninsured deposits.

The Colorado Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At year-end, the County Treasurer's cash deposits had a bank balance of \$10,204,443 which is insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in single institution pools.

Custodial Credit Risk—Baca County is not exposed to custodial risk due to funds deposited in local financial institutions that meet PDPA requirements and have FDIC coverage.

### **Investments**

Colorado Statutes authorize the County to invest in any of the following investments:

- Repurchase agreements,

- Obligations of the United States or obligations unconditionally guaranteed by the United States,
- Obligations of the State of Colorado and most general obligations of units of local government,
- Federally insured mortgages and student loans,
- Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is ColoTrust). MBIA's COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool.

The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- COLOTRUST PRIME is a stable \$1.00 NAV portfolio offering daily liquidity that only invests in the US Treasury securities, US Government Agencies, bank deposits, and repurchase agreements.
- COLOTRUST PLUS+ invests in the same securities as PRIME as well as collateralized bank deposits, highly rated commercial paper, and corporate bonds. PLUS+ is a stable \$1.00 NAV fund that offers daily liquidity.

The County Treasurer, who has the authority to invest funds, per the County policies, invested \$1,690,000 in FHLMC, FHLMC, and FNMA step coupons. The fair market value is approximately the same as cost. All investments are a level 1 investment as defined by applicable standards. Level 1 investments have a readily determinable fair value based on market valuations.

#### **Note 4**

#### **Pension Plan**

The County has adopted a defined contribution retirement plan, which provides for contributions equal to 3% of earnings by each full-time employee with a matching amount contributed by the County. The employer contributed \$88,849 and the employees contributed \$88,849 in 2022, based on qualifying salaries of approximately \$2,945,575 with total salaries being approximately \$3,482,262. The plan is with Colorado County Officials and Employees Retirement Association.

Upon retirement, the employee is entitled to all funds deposited in his account, including investment earnings. Upon termination of employment, the employee will normally recover his contributions to the plan, plus investment earnings, plus 20% of total County contributions up to 100% in his name for each year of employment.

There were approximately 130 employees as of December 31 that are considered general employees.

The County Commissioners authorize and approve changes to the plan.

Wages	\$ 3,482,262
CRA Wages	\$ 2,945,574
Retirement	88,367
Employer	88,367
Total	\$ 176,734

**Note 5 Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Land	\$ 16,480	\$ -	\$ -	\$ 16,480
Buildings & Improvements	5,313,157	-	-	5,313,157
Machinery & Equipment	11,943,545	629,816	(295,973)	12,277,388
Total	17,273,182	629,816	(295,973)	17,607,025
Less: Accumulated Depreciation	(9,454,743)	(883,133)	295,973	(10,041,903)
Net amount	\$ 7,818,439	\$ (253,317)	\$ -	\$ 7,565,122

Depreciation expense was charged to functions of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 234,597
Public Safety	48,509
Highways & Streets	474,370
Health & Welfare	703
Culture & Recreation	124,954
<b>Total Depreciation Expense</b>	<b>\$ 883,133</b>

**Note 6 Long-term Liabilities**

Accrued vacation at year-end consists of the following:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Human Services	\$ 25,595	\$ -	\$ (6,998)	\$ 18,597
Road & Bridge	66,410	-	(1,895)	64,515
General	64,305	-	(7,760)	56,545
Total	\$ 156,310	\$ -	\$ (16,653)	\$ 139,657

The schedule of long-term debt is as follows:

	<b>January 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>December 31</b>	<b>Current</b>
Compensated Absences	\$ 156,310	\$ -	\$ (16,653)	\$ 139,657	\$ -

**Note 7****Risk Management****County Workers' Compensation Pool**

The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**Colorado Counties Casualty and Property Pool**

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage.

The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible. Claims have not exceeded coverages during the past three years.

**Note 8****Joint Ventures**

The County participates in various pools covering workers' compensation and property and casualty losses. These joint ventures do not meet the criteria for inclusion within the reporting entity because the pools:

- are financially independent and responsible for their own financial deficits and entitled to their own surpluses,
- have separate governing boards from that of the County, which is comprised of one voting member from each participating County,
- have governing boards and management who have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities, and determining the outcome or disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and control fiscal management.

**Note 9      Contingent Liabilities**

The County is not aware of any contingent liabilities that need to be disclosed.

During the latter part of 2004, the State of Colorado, Department of Human Services converted to a new accounting system to account for the public welfare costs, revenues, and eligible clients. The accounting system failed, and several clients received more welfare benefits than they were entitled to. It was ruled in federal court that if a welfare client received excess funds as a result of the State of Colorado, Department of Human Services or the County Department of Social Services error or errors, the welfare client was not responsible for repaying the excess amount and the State and County could not start a collection effort. The State has not decided if they will pursue collection efforts against the County for any excess payments made because of the accounting system errors. The amount of liability, if any, that the County could owe to the State because of the errors is not known and the impact on the financial statements, if any, cannot be determined.

**Note 10      Fund Balances**

The County has applied the requirements of GASB 54 – Fund Balance Reporting.

**Non-Spendable**

Non-spendable balances represent amounts which have been paid for but not consumed and will include inventories and prepaid expenses.

**Committed**

The portion of fund balance constrained for specific purposes according to the limitations imposed by the County’s highest level of decision-making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

**Assigned**

Assigned balances represent balances where the intent is expressed by (1) the governing body itself or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned**

Unassigned balances can be used for any legal purpose and are limited to the General Fund.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Baca County, Colorado**  
**Budget and Actual**  
**General**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property taxes	\$ 2,865,533	\$ 2,865,533	\$ 2,844,179
SO taxes	240,000	240,000	338,014
Sales and miscellaneous taxes	700	700	2,009
Fees and fines	100	100	45,451
Intergovernmental	1,188,144	1,188,144	1,145,376
Charges for services	423,351	423,351	540,162
Investment earnings	50,000	50,000	75,709
Sale of equipment	9,500	9,500	14,260
Miscellaneous	119,011	119,011	106,308
Total revenues	<u>4,896,339</u>	<u>4,896,339</u>	<u>5,111,468</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,232,022	3,232,022	2,482,469
Public safety	1,304,146	1,304,146	1,195,117
Health and sanitation	1,365,579	1,365,579	366,287
Culture and recreation	231,548	231,548	205,948
Capital Outlay	81,500	81,500	20,882
Total Expenditures	<u>6,214,795</u>	<u>6,214,795</u>	<u>4,270,703</u>
Excess (deficiency) of revenues over expenditures	<u>(1,318,456)</u>	<u>(1,318,456)</u>	<u>840,765</u>
Net change in fund balances	(1,318,456)	(1,318,456)	840,765
Fund balances - beginning	1,318,456	1,318,456	4,135,445
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,976,210</u>

**Baca County, Colorado**  
**Budget and Actual**  
**Road & Bridge**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 583,625	\$ 583,625	\$ 559,027
Licenses and permits	10,800	10,800	14,130
Intergovernmental	3,077,018	3,077,018	2,854,327
Charges for services	1,200	1,200	2,000
Miscellaneous	5,000	5,000	4,667
Total revenues	<u>3,677,643</u>	<u>3,677,643</u>	<u>3,434,151</u>
<b>EXPENDITURES</b>			
Current:			
General government	47,000	47,000	53,503
Highways and roads	3,085,784	3,085,784	2,912,073
Capital Outlay	715,000	715,000	602,011
Total Expenditures	<u>3,847,784</u>	<u>3,847,784</u>	<u>3,567,587</u>
Excess (deficiency) of revenues over expenditures	<u>(170,141)</u>	<u>(170,141)</u>	<u>(133,436)</u>
Net change in fund balances	(170,141)	(170,141)	(133,436)
Fund balances - beginning	<u>170,141</u>	<u>170,141</u>	<u>2,397,505</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,264,069</u>

**Baca County, Colorado**  
**Budget and Actual**  
**Health and Human Services**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 173,947	\$ 173,947	\$ 173,153
Intergovernmental	1,406,136	1,406,136	657,498
Miscellaneous	250,000	250,000	-
Total revenues	<u>1,830,083</u>	<u>1,830,083</u>	<u>830,651</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	<u>1,795,445</u>	<u>1,795,445</u>	<u>813,958</u>
Total Expenditures	<u>1,795,445</u>	<u>1,795,445</u>	<u>813,958</u>
Excess (deficiency) of revenues over expenditures	<u>34,638</u>	<u>34,638</u>	<u>16,693</u>
Net change in fund balances	34,638	34,638	16,693
Fund balances - beginning	<u>(34,638)</u>	<u>(34,638)</u>	<u>555,809</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572,502</u>

Baca County, Colorado  
Balance Sheet  
Other Governmental Funds  
December 31, 2022

	E911	Contingency	Conservation Trust	Pest Control District	Total Other Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 222,658	\$ 114,029	\$ 15,394	\$ 267,197	\$ 619,278
Taxes receivable, net	-	-	-	63,770	63,770
Due from other funds	3,780	-	-	-	3,780
Total assets	<u>226,438</u>	<u>114,029</u>	<u>15,394</u>	<u>330,967</u>	<u>686,828</u>
<b>LIABILITIES AND NET POSITIONS</b>					
Liabilities:					
Accounts payable	1,495	-	-	-	1,495
Total liabilities	<u>1,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,495</u>
Deferred inflow of resources:					
Deferred property taxes	-	-	-	63,770	63,770
Fund balance:					
Committed	224,943	114,029	15,394	267,197	621,563
Total fund balances	<u>224,943</u>	<u>114,029</u>	<u>15,394</u>	<u>267,197</u>	<u>621,563</u>
Total liabilities and fund balances	<u>\$ 226,438</u>	<u>\$ 114,029</u>	<u>\$ 15,394</u>	<u>\$ 330,967</u>	<u>\$ 686,828</u>

**Baca County, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2022**

	E911	Contingency	Conservation Trust	Pest Control District	Total Other Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ 66,216	\$ 66,216
SO Taxes	-	-	-	6,212	6,212
Intergovernmental	-	-	9,221	-	9,221
Charges for services	53,262	-	-	-	53,262
Investment earnings	271	-	16	341	628
Miscellaneous	12,295	-	26	-	12,321
Total revenues	<u>65,828</u>	<u>-</u>	<u>9,263</u>	<u>72,769</u>	<u>147,860</u>
<b>EXPENDITURES</b>					
Current:					
General government	495	-	-	3,311	3,806
Public Safety	20,324	-	-	6,763	27,087
Culture and recreation	-	-	9,341	-	9,341
Total Expenditures	<u>20,819</u>	<u>-</u>	<u>9,341</u>	<u>10,074</u>	<u>40,234</u>
Excess (deficiency) of revenues over expenditures	45,009	-	(78)	62,695	107,626
Net change in fund balances	45,009	-	(78)	62,695	107,626
Fund balances - beginning	179,934	114,029	15,472	204,502	513,937
Fund balances - ending	<u>\$ 224,943</u>	<u>\$ 114,029</u>	<u>\$ 15,394</u>	<u>\$ 267,197</u>	<u>\$ 621,563</u>

**Baca County, Colorado**  
**Budget and Actual**  
**Capital**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 300,000	\$ 300,000	\$ 15,773
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>15,773</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	100,000	100,000	28,855
Capital Outlay	200,000	200,000	6,923
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>35,778</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(20,005)</u>
Net change in fund balances	-	-	(20,005)
Fund balances - beginning	-	-	195,870
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,865</u>

**Baca County, Colorado**  
**Budget and Actual**  
**E911**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 7,000	\$ 7,000	\$ -
Charges for services	40,000	40,000	53,262
Investment earnings	300	300	271
Miscellaneous	18,000	18,000	12,295
Total revenues	<u>65,300</u>	<u>65,300</u>	<u>65,828</u>
<b>EXPENDITURES</b>			
Current:			
General government	400	400	495
Public Safety	49,900	49,900	20,324
Capital Outlay	15,000	15,000	-
Total Expenditures	<u>65,300</u>	<u>65,300</u>	<u>20,819</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>45,009</u>
Net change in fund balances	-	-	45,009
Fund balances - beginning	162,672	162,672	179,934
Fund balances - ending	<u>\$ 162,672</u>	<u>\$ 162,672</u>	<u>\$ 224,943</u>

**Baca County, Colorado**  
**Budget and Actual**  
**Contingency**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General government	114,090	114,090	-
Total Expenditures	<u>114,090</u>	<u>114,090</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(114,090)</u>	<u>(114,090)</u>	<u>-</u>
Net change in fund balances	(114,090)	(114,090)	-
Fund balances - beginning	114,090	114,090	114,029
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,029</u>

**Baca County, Colorado**  
**Budget and Actual**  
**Conservation Trust**  
**For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 11,000	\$ 11,000	\$ 9,221
Investment earnings	-	-	16
Miscellaneous	-	-	26
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>9,263</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	<u>11,000</u>	<u>11,000</u>	<u>9,341</u>
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>9,341</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(78)</u>
Net change in fund balances	-	-	(78)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>15,472</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,394</u>

**Baca County, Colorado  
Budget and Actual  
Pest Control District  
For the year ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 66,267	\$ 66,267	\$ 66,216
SO Taxes	6,760	6,760	6,212
Investment earnings	200	200	341
Total revenues	<u>73,227</u>	<u>73,227</u>	<u>72,769</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,000	3,000	3,311
Public Safety	50,200	50,200	6,763
Total Expenditures	<u>53,200</u>	<u>53,200</u>	<u>10,074</u>
Excess (deficiency) of revenues over expenditures	<u>20,027</u>	<u>20,027</u>	<u>62,695</u>
Net change in fund balances	20,027	20,027	62,695
Fund balances - beginning	(20,027)	(20,027)	204,502
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,197</u>

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Baca			
		YEAR ENDING : 12/31/2022			
This Information From The Records Of Baca County, Colorado:	Prepared By: Missy Corn Phone: 719 523-6532				
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	602,011		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,912,073		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations			
2. General fund appropriations		b. Snow and ice removal	0		
3. Other local imposts (from page 2)	573,157	c. Other			
4. Miscellaneous local receipts (from page 2)	6,667	d. Total (a. through c.)	0		
5. Transfers from toll facilities		4. General administration & miscellaneous	53,503		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	3,567,587		
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>			
c. Notes--lease purchase agreement	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	579,824	b. Redemption			
<b>B. Private Contributions</b>		c. Total (a. + b.)	0		
<b>C. Receipts from State government (from page 2)</b>	2,551,365	2. Notes:			
<b>D. Receipts from Federal Government (from page 2)</b>	302,962	a. Interest	0		
<b>E. Total receipts (A.7 + B + C + D)</b>	3,434,151	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		<b>C. Payments to State for highways</b>			
		<b>D. Payments to toll facilities</b>			
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,567,587		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>				0	
1. Bonds (Refunding Portion)					
<b>B. Notes (Total) lease purchase agreement</b>	0		0	0	
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,397,506	3,434,151	3,567,587	2,264,070	0
<b>Notes and Comments:</b>					

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING:  
12/31/2022

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	559,027	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	12,675	f. Charges for Services	2,000
5. Other Road Permits	1,455	g. Other Misc. Receipts	4,667
6. Total (1. through 5.)	14,130	h. Other	0
c. Total (a. + b.)	573,157	i. Total (a. through h.)	6,667
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,551,365	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	302,962
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify)	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	0	g. Total (a. through f.)	302,962
4. Total (1. + 2. + 3.f)	2,551,365	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		602,011	602,011
(5). Total Construction (1) + (2) + (3) + (4)	0	602,011	602,011
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	602,011	602,011
			(Carry forward to page 1)

Notes and Comments:

**Baca County, Colorado**  
**Schedule of Federal Awards Expended**  
**for the year ended December 31, 2022**

<u>GRANT TITLE</u>	<u>PASS-THRU AGENCY</u>	<u>FEDERAL ALN NUMBER</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>				
IV-D Administration	Colo. Dept of Human Services	93.563	\$ 47,956	
LEAP	Colo. Dept of Human Services	93.568	98,686	
Title IV-E-FC	Colo. Dept of Human Services	93.658	69,783	
Block Grant- Title XX	Colo. Dept of Human Services	93.667	9,960	
Title IV-E Guard As	Colo. Dept of Human Services	93.090	478	
CO Works- TANF	Colo. Dept of Human Services	93.558	142,365	
Child Care Development Funds	Colo. Dept of Human Services	93.596	6,280	
CCDF Cluster	Colo. Dept of Human Services	93.575	1,011	
CSBG Cares Act	Colo. Dept of Human Services	93.569	6,900	
IV-E Adoption	Colo. Dept of Human Services	93.659	<u>3,636</u>	387,055
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>				
Medicaid Cluster	Colo. Dept of Health Care Policy & Fin.	93.778	<u>69,367</u>	69,367
<b>DEPARTMENT OF PUBLIC HEALTH &amp; ENVIRONMENT</b>				
Immunization	Colo. Dept of Public Health & Environ	93.268	77,354	
ELC Grant	Colo. Dept of Public Health & Environ	93.323	143,032	
OPHP/PBG	Colo. Dept of Public Health & Environ	93.354	94,316	
Maternal and Child Health Services	Colo. Dept of Public Health & Environ	93.994	3,464	
EPR Core PHEP	Colo. Dept of Public Health & Environ	93.069	20,223	
OPHP/PBG	Colo. Dept of Public Health & Environ	93.991	<u>7,498</u>	345,887
<b>DEPARTMENT OF AGRICULTURE:</b>				
WIC	Colo. Dept of Public Health & Environ	10.557	25,586	
WIC	Colo. Dept of Public Health & Environ	10.557	44,869	
Food Stamp Cluster	Colo. Dept of Human Services	10.551	480	
Food Stamp Cluster	Colo. Dept of Human Services	10.561	<u>65,805</u>	136,740
<b>DEPARTMENT OF THE TREASURY:</b>				
American Rescue Plan	Colo. Dept of Human Services	21.027	7,920	
American Rescue Plan	Colo. Dept of Public Health & Environ	21.027	30,113	
American Rescue Plan		21.032	76,520	
Community Services Block Grant		21.008	<u>34,767</u>	149,320
<b>DEPARTMENT OF PUBLIC SAFETY:</b>				
Emergency Management	Div. of Homeland Security & Emg Mgnt	97.042	<u>39,719</u>	39,719
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<u><u>\$ 1,128,088</u></u>	

**Baca County, Colorado**  
**Schedule of Federal Awards Expended**  
**for the year ended December 31, 2022**  
**Continued...**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Baca County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the federal requirements.

The County does not use the minimum indirect cost rate.

The County did not have any subrecipients during 2022.

**Baca County, Colorado**  
**Schedule of Findings & Questioned Costs**  
**December 31, 2022**

**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

***Federal Awards***

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs:	<b>Unmodified</b>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No
Identification of major federal programs:		
Assistance Listing Number(s):	93.558 21.032 21.008	Name of Federal Program or Cluster CO Works – TANF American Rescue Plan Community Services Block Grant
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	_X_ Yes	___ No

**Section II: Financial Statement Findings**

There are no findings to report.

**Section III: Federal Awards Findings**

There are no findings to report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

*Independent Auditor's Report*

Baca County Commissioners  
Springfield CO 81073

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County (the "County") as of December 31, 2022, and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*rfarmer, Uc*

June 15, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

Baca County Commissioners  
Springfield CO 81073

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Baca County's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

## *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*rfarmer, llc*

June 15, 2023